



# SNS College of Technology

Coimbatore - 35



23BAT611- Financial Management

Net Present Value

Presented by

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*Design Thinker*



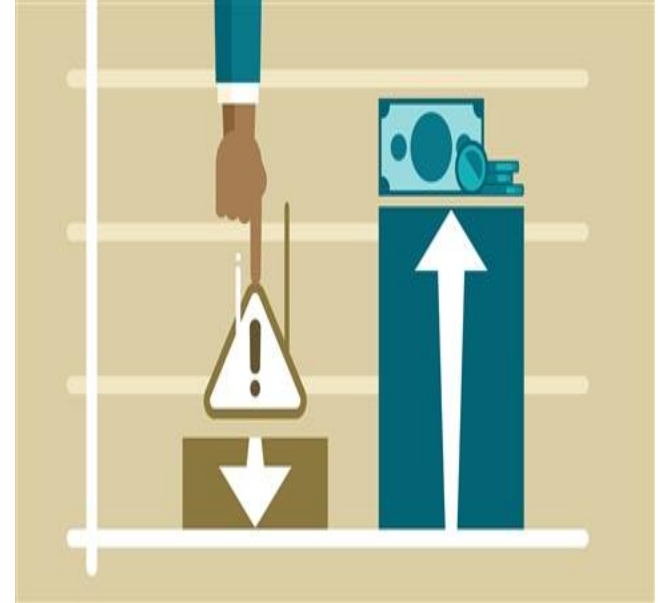
**1<sup>st</sup> Indian Institution to Implement** Design Thinking Curriculum  
Redesigning Common Mind and Business Towards Excellence



# RECAP



# Topic





# Net Present Value





## Problem 5

Calculate Net Present Value at cut off rate 10%		
Year	Outflows	Inflows
0	1,50,000	-
1	30,000	30,000
2		30,000
3		50,000
4		60,000
5		40,000

Salvage Value at  
end of 5 years is  
Rs.40,000



## Solution

Year	P.V Ratio Factor @ 10%	Machine A Cash Inflow Rs	Machine A Present Value Rs
1	0.91	30,000	27,270
2	0.83	30,000	24,780
3	0.75	50,000	37,550
4	0.68	60,000	40,980
5	0.62	40,000	24,480
6	0.62	40,000	24,480
T.P.V of Cash Inflow			1,80,260
Less- Cash Outflow (1,50,000 + 30,000) 0.91			1,77,270
NPV			2,990



## ASSESSMENT



- Spell out the formula for calculating NPV



# Reach Us



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